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RECEIVED

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October 4, 2002

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 Twelfth Street, S.W.
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RECEIPT

Re: Requests for Special Temporary Authority In the Matter of Williams Communications, LLC, Williams Communications Group, Inc., Debtor-in-Possession and WilTel Communications Group, Inc.

Dear Ms. Dortch:

Leucadia National Corporation ("Leucadia") hereby supports the Requests for Special Temporary **Authority** ("STA") filed with the Federal Communications Commission ("Commission") by Williams Communications, LLC ("Williams"), Williams Communications Group, Inc., Debtor-In-Possession ("WCG") and WilTel Communications Group, Inc. ("WilTel") on October 3, 2002 ("STA Request"). Leucadia is a publicly-traded diversified holding company and the prospective investor of approximately \$330 million in WilTel as part of the reorganization of WCG described below. Leucadia strongly **urges** the Commission to grant the STA Request based on the extraordinary circumstances presented by the plan of reorganization of Williams and the strong public interest benefits that will result from the timely consummation of that plan, including the assurance of continuation of service to the public.

Pursuant to the plan of reorganization ("Plan") confirmed by the United States Bankruptcy Court for the Southern District of New York (Chapter 11 Case No. 02-11957) on September 30, 2002, Leucadia proposes to invest \$330 million in WilTel. As the STA Request demonstrates, the Plan represents a careful balancing of different interests, including Leucadia's interest in investing those funds. Without question and most importantly, the balancing of

¹ As described in the STA Requests, \$150 million of Leucadia's funds will be invested in WilTel, the reorganized company, while \$180 million will be used to purchase claims of the largest creditor of WCG, the bankrupt company. In exchange, Leucadia will receive 44% of the equity of WilTel.

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interests in the Plan will assure the uninterrupted continuation of service to millions of customers that otherwise face the threat of potential disruption.

The Commission's action **granting** the **STA** Request will permit the timely consummation of the complex and fragile reorganization plan. Under the current agreement embodied **in** the **Plan**, if the Commission **grants** the **STA** Request, Leucadia will provide for the funding of an **escrow** account, ensuring that funds will be released to the new company upon Commission approval of the transfer of control applications? WCG's lenders will refrain from seizing cash **from** Williams' operating capital accounts, eliminating the risk of the **drain on** the cash available to the operating company that could lead it to reduce or terminate service, **scale back** operations, or force it into **bankruptcy**. If the transactions contemplated by the **STA** cannot occur by October 15, 2002, however, all the parties **to** the Plan may unilaterally choose to exercise individual rights that would derail the Plan and deny the operating company access to cash that is necessary for the conduct of its operations. Leucadia **thus** maintains that the grant of the STA Request will prevent any potential disruption of service to Williams' customers, and therefore serves the public interest.

Pursuant to the Commission's rules, **STAs** may be granted in emergency circumstances or where the circumstances are "of such extraordinary nature that delay in the institution of temporary operation would seriously prejudice the public interest." Leucadia, like WCG, understands that requests for **STA** are only granted under special circumstances, but strongly believes that the **extraordinary** circumstances and harm to the public interest that could occur absent a grant of the **STA** Request justifies a grant under the Commission's standard. Commission action granting the **STA** Request enables Williams to avoid the potential loss of its operating capital **under** the security agreements with the lenders, to receive critical new capital **from** Leucadia, and to avoid serious **potential** adverse consequences to the customers of the operating company. Indeed, Commission grant of the **STA** will allow the consummation of what may be the **first**, and certainly is the largest, successful reorganization of **a** telecommunications provider in recent **years**.

² As part **of** this procedure, Leucadia will eliminate the other **significant** conditions that might have prevented the closing of the Plan and Leucadia's investment. Like any other prudent investor, Leucadia is unwilling to put its significant investment at **risk** in **this** way without Commission approval of the authorizations that permit the new company to operate.

³ See, e.g., 47 C.F.R. 1.931 (b)(2) (2001).

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For these reasons, Leucadia strongly supports Commission grant of the STA Request as soon as possible.

Respectfully submitted,



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